

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In re:

Residents First, LLC,

Debtor.

Case No. 23-49817
Chapter 11
Hon. Mark A. Randon

**DEBTOR’S RESPONSE TO CHAMPION HOME BUILDERS, INC.’S
MOTION FOR ORDER DIRECTING PRODUCTION OF DOCUMENTS
AND ORAL EXAMINATION OF ARA DARAKJIAN AND
SCOTT PISTORIUS OF RESIDENTS FIRST, LLC**

Residents First, LLC (“Debtor”) through counsel, Heilman Law PLLC, for its Response to the above-referenced motion (“Motion”) filed by Champion Home Builders, Inc. (“CHB”), states:

BACKGROUND

On November 8, 2023 (“Petition Date”), Debtor commenced a voluntary case under chapter 11 of title 11 of the United States Code.

After the Petition Date, Debtor provided extensive document production to CHB, as detailed in Debtor’s response to CHB’s first motion requesting production of additional documents and authorization to issue subpoenas for the testimony of Debtor’s manager and principal Ara Darakjian and Debtor’s executive vice-president, Scott Pistorious (the “First 2004 Motion,” ECF # 51; and Debtor’s Response, ECF # 53)

In response to CHB's First 2004 Motion, Debtor listed the documents already produced at CHB's request, agreed to produce some of the additional documents requested by CHB, objected to other document requests, and agreed to make Mr. Darakjian and Mr. Pistorius available for depositions. ECF # 53.

After a hearing on the First 2004 Motion, the Court issued an order granting the First 2004 Motion in part and denying it in part. ECF # 59.

Debtor complied with its obligations under this Order and the Expanded Powers Order. A deposition of Mr. Darakjian was held on February 6, 2024 and attended by the Subchapter V Trustee, counsel for CHB, and counsel for Mr. Darakjian. At the conclusion of the deposition, the Subchapter V Trustee requested that the deposition be continued, and Debtor consented to this request.

Also at the deposition, CHB made additional requests for documents and information: (i) the last known contact of a former employee Heather Viehman, (ii) all Merrill Lynch bank statements in Debtor's possession going back to six years before the petition date, and (iii) a document referenced at the hearing supporting Debtor's assertion, referenced by Mr. Darakjian at the deposition, supporting the losses in excess of \$1 million

resulting from CHB's failure to provide certain services (the "Additional Production").

Mr. Darakjian has met with the Subchapter V Trustee and provided additional information at her request. Also at the Subchapter V Trustee's request, Mr. Darakjian's continued deposition has been scheduled for March 21, 2024.

Prior to the filing of the Motion, Debtor was working to obtain and produce the Additional Production. Debtor did not have the requested contact information for Ms. Viehman, but obtained that information from Debtor's payroll services provider and forwarded that to counsel for CHB shortly after the Motion was filed, along with the requested document supporting the damages caused by CHB. After review of its records, Debtor determined that it had already provided all Merrill Lynch bank documents to CHB that Debtor had in its possession, and Debtor has access through its Merrill Lynch portal only to bank documents for the previous two years. CHB has filed a motion requesting authorization to issue a subpoena directly to Merrill Lynch for this information, ECF # 70, and Debtor has not objected to that request.

DEBTOR'S RESPONSE

1. Failure to Serve Mr. Darakjian and Mr. Pistorious.

At the outset, Debtor notes that this Motion requests entry of an Order directing that Mr. Darakjian, not the Debtor, to produce the Additional Production. Given that Mr. Darakjian is the subject of the Motion, Debtor assumed that CHB had served the Motion on Mr. Darakjian's counsel (who attended Mr. Darakjian's deposition) and that Mr. Darakjian's counsel would be responding to the Motion.

However, on closer review, the Motion states that neither Mr. Darakjian nor his counsel have been served with the Motion.

While the undersigned does not represent Mr. Darakjian, the Debtor responds to the Motion to ensure that the Court is aware that Mr. Darakjian was not served and to inform the Court that Debtor has already provided CHB with all the documents and information requested, and that Debtor has already consented (long before the Motion was filed) to the depositions of Mr. Darakjian and Mr. Pistorious, and a deposition of Mr. Darakjian has already been conducted.

2. CHB Has Already Obtained the Relief Requested.

As set forth above, Debtor has already provided all of the Additional Production in Debtor's possession. Debtor has also consented to the

depositions of Mr. Darakjian and Mr. Pistorius, made Mr. Darakjian available for a deposition by CHB and, at the Subchapter V Trustee's request, scheduled a continued deposition for next week.

With respect to the request for "Debtor's general ledger for its Merrill Lynch checking account for the period of December 11, 2027 through December 11, 2023," Debtor does not maintain a specific general ledger for its banking transactions with Merrill Lynch but relies on the Merrill Lynch bank statements. All Merrill Lynch bank statements in Debtor's possession have already been produced to CHB and CHB has requested authorization to obtain additional documents directly from Merrill Lynch, a request to which Debtor has no objection.

WHEREFORE, Debtor requests that the Court enter an order denying the Motion and granting such relief to Debtor as is equitable under the circumstances.

Respectfully submitted,

HEILMAN LAW PLLC

Dated: March 15, 2024

By: /s/ Ryan D. Heilman
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CERTIFICATE OF SERVICE

I, Ryan D. Heilman, hereby certify that on March 15, 2024, I caused a copy of the Debtor's Response to Champion Home Builders, Inc.'s Motion for Order Directing Production of Documents and Oral Examination of Ara Darakjian and Scott Pistorius of Residents First, LLC ("Resposne") to be filed via the Court's Electronic Case Filing (ecf) system, and the ecf system sent notice of the Response to all parties registered to receive electronic notification via the ecf system, including the following:

Kelley Callard (UST) on behalf of U.S. Trustee Andrew R. Vara
Kelley.Callard@usdoj.gov

Kimberly Ross Clayson on behalf of Creditor Champion Home Builders, Inc.
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Ryan D. Heilman on behalf of Debtor In Possession Residents First, LLC
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Todd J Ruchman on behalf of Creditor JPMorgan Chase Bank, N.A.
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